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How to Flip Houses in High-End Areas with Gavin Timms

Hosted by: Joe McCall

Guest: Gavin Timms

- Gavin:** Hey, guys, how are you doing? Gavin Timms with REI Network. Welcome back for another episode, super cool. I want to talk to you about today is high end flipping homes high end. OK, that's what we're going to dove into just before we do that. Just go with a coaching call with a client that is just using batch driven, OK, which is a virtual driving for dollars app. If you go to batchdriven.com/gavin, batchdriven.com/gavin, you can get a free trial there. Check it out. You get fifty, I think Free Trace's right now and just have a client started using that within two weeks. He's already managed to do virtual driving for dollars. Using somebody virtual. Get it, pulled, skip traced, called, bring the lead in and get a contract which is absolutely fantastic. So check that out.
- Gavin:** Batchdriven.com/gavin. Go and get your free trial. Get your free skip traces and check it out and let me know. Drop me a comment and let me know what you thought. OK, so what I want to talk to you today about is flipping homes in a high-end market or area. OK, now we've started to do this in multiple different locations from high end areas in general, which is like your Maui. Everything on Maui is expensive. You can't buy anything cheap on Maui. So there obviously a given. But also in your lower end, like your Birmingham, Alabama and things like that, actually flipping homes there as well. And this could be flipping as in taking it down and actually doing a rehab on it or wholesaling it. What I want to talk about to you is actually how do we actually find the deal? Right. How do we actually approach on the high-end areas and actually get that deal kind of a contract, get control of it, and then what do we do with it?
- Gavin:** And again, we've done this virtually where we've actually done the flip and wholesale of the barriers is, you know, by now is that the money is made. And when you buy the deal, when you get the deal, the power is the deal. Everyone wants your flippers, your wholesalers, your cash buyers, whatever. They all need the deal. So once you have that, that's where money is made at the buy price. You just you make money when you buy, not when you sell by getting at the right price. And that goes for a wholesale deal or a fix and flip. OK, so one of the few things that we can do, obviously, the conversation is different. Normally on a high end. So let's say that you're in an average market of two, three hundred



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thousand might be a medium price range, but now you'll go in into doing things like a million dollars. Right. Or you're going to be doing to sell it over a million dollars.

Gavin: The conversations are different. Now I don't want to use the word they're more educated, because that's not right. I'd say more savvy. Right. In general sellers at higher, higher and homes when they're worth more money. For the most part, I would say more savvy. They understand. They know, they're not just like a landlord that's got twenty houses under one hundred thousand and they just turn and burn. And I mean, this is like a serious piece of real estate that costs a lot of money. So you have to approach that differently. Sometimes they will want proof of funds. OK, sometimes they will say, well, who are you and ask for? Have you got a website? What deals have you done? And that's just part of the relationship and the networking.

Gavin: And you just can't come in to these deals and start throwing out the Mayo formula, doing seventy five percent of the ARV minus repairs, minus your fee, because it doesn't work like that in the high-end homes for the most part. And here's why. What you're looking for is that if you take Phoenix Market, for instance. Right, we've been looking to a house in Arcadia, South Arcadia, and what you'll find is that you will buy potentially a home at retail. Will still close right where you get the home a retail price for the condition and size that it's in. And then you're going to add square footage to then turn it into obviously a higher price point. So, for instance, one of the strategy is quite clear. I was driving around Phoenix last time I was there and I went out with a lender who's doing about thirty flips and we have this conversation. He said, right. The land in this area for seventy-five hundred square lot is about five hundred twenty-five thousand. So regardless of if the house is there, the game plan is we get the house at five hundred and twenty-five thousand, OK, which is pretty much retail for something that's probably three for fourteen hundred square foot needs a ton of work. Knock it down, put a brand-new build on.

Gavin: OK, probably I think you said about one hundred and eight dollars a square foot, sell it for one point one million. By the time they've done that they make about two hundred and fifty grand. Right. So they have the formula down there. They have a certain style homes, certain lots by the law. And in that condition, retail. That's what the heartland. Oh, sorry. That's what the house might be worth is five hundred twenty-five thousand as it says. But again, adding that volume, taking it from then a fifteen or fourteen hundred square foot home, put in a thirty-two hundred square foot home on there. Big ceilings. Just great



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layout putting that on and then resell it for one point one million. That's how you would then do obviously, that would be a knock down, a brand-new build, but the same goes for a Value-Add, right?

Gavin: Maybe we don't need to knock it down. What if we could take it, which happens a lot as well, where we actually take a home worth the five hundred and twenty-five thousand and we do a value add. So it's fourteen hundred square foot and it's a three one. We're going to make a full two and we're going to make it twenty-eight hundred square foot. We're going to add a bedroom, a master of this. Is that right. We're going to redo the whole thing, a complete remodel and we're going to add value and we're going to make it bigger, take the square footage up and then when we sell it, something like that myself and nine hundred thousand. Right. So we might make a hundred grand on that flip.

Gavin: So what your job is obviously get under, you know, under that to sell it to the people that are paying close to retail. So you could be looking for these things saying, yeah, this house we just locked up in Alabama, one at four hundred, one at four hundred and fifty thousand that we're deciding. Should we flip them right now. And they're big jobs? They probably need 300 between probably three or four hundred thousand in each one, probably sell for one point five million if everything goes to plan. But we've got permits to get. Contractors. It's a massive rehab. Are we ready for that? Taking that down and we're undecided. Maybe if we can make one hundred, one hundred and fifty grand wholesale and then then we might do that. So we'll give you an update on actually what we do. We're kind, we have control, we're doing our due diligence.

Gavin: But they are massive projects. They're going to take probably six or eight months to take down and put back on the market value add obviously is a big one. Also, before you even get into and I should have mentioned this already before you even get into the into the marketing of going after high end homes, you want to be networking. I just did an episode a couple of weeks ago regarding this networking with your high-end flippers and your realtors in some areas. Right. The ones that are used to doing deals in some areas, you need to know who they are and that leads them to the contractors. You cannot take your contract that you used to do in a home of one hundred and fifty thousand and put in twenty thousand and sell it for two thirty. Right. And they're great. And maybe they can handle the job.



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- Gavin:** But when you're doing full remodels or developments, it's a different kind of beast altogether and you put in three or four hundred thousand into building something, then you can see that you can't just send that you need contractors that are used to working in them high end areas. How do you find them drive the neighborhood if your local call around? Hey, do you have any references for contractors in the area that work this market? Talk to your realtors, talk to your flippers to get them in, to give you an estimate on actually getting that contract? That's really, really important as well.
- Gavin:** You're always going to be really double closing on these deals as well. In my opinion. These really aren't assignable contracts at the high end. Now, maybe if there's no spread in that, then you can assign it would be prepared to double close right now. And a lot of states you can do about double closed without the buyer's money in place. You might have to bring transactional funding in, but be prepared to do that. You're not going to be able to sign these deals is easy, especially if you're making fifty sixty K on the assignment fees. That's not going to fly. Just doing an assignment. I would say be prepared to double close. OK, so these are a few things just, just that you need to be looking for a case before you even start marketing in some areas is what we've just talked about.
- Gavin:** So just to recap, you've got to be looking at the condition of the home and what's around it. Fifteen hundred square foot home. Things are being redone, rebuilt at thirty-two hundred square foot. Then we take the value of what that worth is worth. And it may be half a million as it sets, but when they do that thing to it, they're going to get the one over a million dollars or whatever, just like call deal. We bought it at nine hundred and fifty-five thousand. We sold at two point to six. Five million. OK, I actually said this on episodes. If you want to go and check that out, I did a case study on the whole breakdown of the market and everything to go to REINetwork.com/maui. It's completely free. I did a 30-minute video, 20, 30-minute video kind of going through it, the list that we pulled, how we did it, what marketing we did, and all the good things like that. OK, so go and check that out for back to this.
- Gavin:** So you want to do all the things that we talked about value add right. Getting make sure contractors that you get in that cash buys, that you get in that all buying and flipping in that area because it's a different beast networking with your realtors and cash buyers to get who the contractors are. Who do you need to know in them areas. Your conversations, remember, will be at a higher level. They might need proof of funds. No problem. Multiple



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places where you can get that from. And being honest as well with the seller, you're not going to be able to come in and go, well, I'm just going to do my phone on a cash offer. No, you got to look at the market, look at the conditions of the homes. And again, pollywog will always trigger that. It could be a knock down and a. Complete new brand new build, or it could be again adding square footage, the lot sizes matter as well in the high end, right? You might have a seven and seven thousand square foot lot to an eight thousand square foot lot. And that might be the difference between getting a twenty-eight hundred square foot home versus a four thousand square foot home, depending on the land, depending on how grand. And you just have to match what's going on in the neighborhood. Right.

Gavin: Because what you'll find is eventually that all the homes will go the same way. They will be built and built on and value will be added and they will all look the same. So as long as you don't want to be the first one in the area doing it, but once you've seen 10 of them happening on that and then the will into this street in the street over and then a couple on them streets have gone up, it will just, it's just a cycle. Again, Phoenix is a perfect example of this because I've seen it. It just starts to build out and grab the homes. When I used to live in Phoenix, I just cannot even begin to think and explain to you how much that market has gone up from areas that I used to live in when I could have probably bought something six years ago for two hundred and fifty thousand and now going for seven hundred and fifty thousand for exactly the same home. It's just insane. And that's what happens when these high-end areas where people want to live by it and that's how it's going to work.

Gavin: All right. So hopefully this helps. Again, if you want more details on this, you want to go into more detail, you can drop a comment, make sure you like and subscribe. If you're watching on YouTube, make sure you like and subscribe and again on the podcast. I appreciate it. Feel free to share any of my episodes. Please share away. I want to get as many eyeballs I can on the content that I'm doing. So I appreciate you all. Have a good one and I'll talk to you soon. Thanks.